Supreme Court, U.S.
FILED
APR 17 1998
OFFICE OF THE CLERK

No. 97-1368

IN THE

Supreme Court of the United States

OCTOBER TERM, 1997

AVANT! CORPORATION, GERALD HSU, MITSURU IGUSA, and CHIH-LIANG CHENG,

Petitioners,

vs.

CADENCE DESIGN SYSTEMS, INC.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

CADENCE'S OPPOSITION TO THE PETITION FOR WRIT OF CERTIORARI

JOHN W. KEKER*
Counsel of Record
JEFFREY R. CHANIN
MICHAEL H. PAGE
RAGESH K. TANGRI
KEKER & VAN NEST LLP
710 Sansome St.
San Francisco, California 94111
(415) 391-5400

Counsel for Respondent

QUESTION PRESENTED

Once a finding of likelihood of success in a copyright action triggers the presumption of irreparable harm, can a showing of the availability of monetary damages constitute an "adequate legal remedy" sufficient to rebut that presumption?

STATEMENT PURSUANT TO RULE 29.6

The petition accurately lists the parties to the proceeding.

Cadence Design Systems, Incorporated is incorporated in Delaware. Cadence has minority ownership positions in the following non-wholly-owned entities: Integrated Measurement Systems, a publicly-traded United States corporation, and Innotech, a publicly-traded Japanese corporation. Cadence has no parent company.

TABLE OF CONTENTS

	Page
QUESTION PRESENTED	i
STATEMENT PURSUANT TO RULE 29.6	ii
TABLE OF AUTHORITIES	iv
STATEMENT OF THE CASE	1
REASONS FOR DENYING THE WRIT	
I. THE PETITION MISSTATES THE HOLDING AND RECORD BELOW	3
II. THE NINTH CIRCUIT COURT OF APPEALS' HOLDING CORRECTLY APPLIED A PRESUMPTION OF IRREPARABLE HARM	5
A. The Presumption of Irreparable Harm is Long-Standing Copyright Law	5
B. The Ninth Circuit's Opinion Did Not Establish An Irrebuttable Presumption	8
III. THE COURT OF APPEALS' HOLDING THAT MONETARY DAMAGES ARE NOT AN ADEQUATE REMEDY AT LAW FOR COPYRIGHT INFRINGEMENT IS SUPPORTED BY STATUTE AND PRECEDENT, AND DOES NOT CONFLICT WITH THE LAW OF OTHER CIRCUITS	10
IV. THE PETITION SHOULD BE DENIED BECAUSE THE NINTH CIRCUIT'S OPINION IS SUPPORTED BY AN ALTERNATIVE HOLDING NOT CHALLENGED BY PETITIONERS	17
CONCLUSION	19

TABLE OF AUTHORITIES

Cases:	Page
Abend v. MCA, Inc., 863 F.2d 1465 (9th Cir. 1988), *aff'd sub nom, Stewart v. Abend*, 495 U.S. 207 (1990)	9
ABKCO Music, Inc. v. Stellar Records, Inc., 96 F.3d 60 (2nd Cir. 1996)	6
American Direct Mktg., Inc. v. Azad Int'l, Inc., 783 F. Supp. 84 (E.D.N.Y. 1992)	11
American Fabrics Co. v. Lace Arts, Inc., 291 F. Supp. 589 (S.D.N.Y. 1968)	12
Apple Computer, Inc. v. Franklin Computer Corp., 714 F.2d 1240 (3d Cir. 1983), *cert. dismissed*, 464 U.S. 1033 (1984)	6, 15, 18
Atari, Inc. v. North Am. Philips Consumer Electronics Corp., 672 F.2d 607, 620 (7th Cir.), *cert. denied*, 459 U.S. 880 (1982)	6, 18
Belushi v. Woodward, 598 F. Supp. 36 (D.D.C. 1984)	9
Caplin & Drysdale, Chartered v. United States, 491 U.S. 617 (1989)	7
Chappell & Co v. Fields, 210 F. 864 (2nd Cir. 1914)	6
City of Port Arthur v. United States, 459 U.S. 159 (1982)	8
Concrete Mach. Co. v. Classic Lawn Ornaments, Inc., 843 F.2d 600 (1st Cir. 1988)	6, 18
Consumers Union of United States, Inc. v. General Signal Corp., 724 F.2d 1044, 1051 (2d Cir. 1983), *cert. denied*, 469 U.S. 823 (1984)	15
Control Data Systems, Inc. v. Infoware, Inc., 903 F. Supp. 1316, 1325 (D. Minn. 1995)	16

Cases: **Page**

Country Kids 'N City Slicks, Inc. v. Sheen, 77 F.3d 1280 (10th Cir. 1996) 6, 7n.3

Data Gen. Corp., 963 F.2d at 690 ..... 7n.3

Dr. Seuss Enter., L.P. v. Penguin Books USA, Inc., 109 F.3d 1394 (9th Cir.), *cert. dismissed* 118 S. Ct. 27 (1997) 6

Duncan v. Poythress, 657 F.2d 691, 696 (5th Cir. 1981) 8

Fogerty v. Fantasy, Inc., 510 U.S. 517 (1994) 7, 15

Forry, Inc. v. Neundorfer, Inc., 837 F.2d 259, 267 (6th Cir. 1988) 6

Gozlon-Peretz v. United States, 498 U.S. 395, 404 (1991) 14

Grossbaum v. Indianapolis-Marion County Building Auth., 100 F.3d 1287, 1291 (7th Cir. 1996), *cert. denied*, 117 S. Ct. 1822 (1997) 13

H.H. Robinson Co. v. United Steel Deck Inc., 820 F.2d 384 (Fed. Cir. 1987) 14n.4

Hall v. NCAA, 985 F. Supp. 782 (N.D. Ill. 1997) 13

Hasbro Bradley, Inc. v. Sparkle Toys, Inc., 780 F.2d 189 (2d Cir. 1985) 6

Helene Curtis Indus. v. Church & Dwight Co., 560 F.2d 1325 (7th Cir. 1977) 18

Johnson Controls, Inc. v. Phoenix Control Sys., Inc., 886 F.2d 1173 (9th Cir. 1989) 3, 11

Kamakazi Music Corp. v. Robbins Music Corp., 534 F. Supp. 57 (S.D.N.Y. 1981) 12

Klitzner Industries, Inc. v. H.K. James & Co., 535 F. Supp. 1249 (E.D.Pa. 1982) 15

Cases: **Page**

Los Angeles Memorial Coliseum Comm'n v. National Football League, 634 F.2d 1197 (9th Cir. 1980) 11

Loveridge v. Pendleton Woolen Mills, Inc., 788 F.2d 914 (2d Cir. 1986) 13

LucasArts Entertainment Co. v. Humongous Entertainment, Co., 815 F. Supp. 332 (N.D. Cal. 1993) 9, 12

Marisa Christina, Inc. v. Bernard Chaus, Inc., 808 F. Supp. 356 (S.D.N.Y. 1992) 8, 12

Mead Corp. v. B.E. Tilley, 490 U.S. 714 (1989)..... 18

Murray v. Carrier, 477 U.S. 478 (1986) 7-8

National Football League v. McBee & Bruno's, Inc., 792 F.2d 726 (8th Cir. 1986) 15

Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189 (1985)..... 18

Plains Cotton Coop Association v. Good Pasture Computer Services, Inc., 807 F.2d 1256 (5th Cir.), *cert. denied*, 484 U.S. 821 (1987) 6

Richard Feiner & Co. v. Turner Entertainment Co., 98 F.3d 33 (2d Cir. 1996) 9

Rosenfeld v. W.B. Saunders, 728 F. Supp. 236 (S.D.N.Y. 1990), *aff'd* 923 F.2d 845 (2d Cir. 1990) 11

Russello v. United States, 464 U.S. 16 (1983)..... 14

Service & Training, Inc. v. Data Gen. Corp., 963 F.2d 680 (4th Cir. 1992) 6

Smith Int'l, Inc. v. Hughes Tool Corp., 718 F.2d 1573 (Fed. Cir. 1983)..... 14n.4

Triad Systems Corp. v. Southeastern Express Co., 64 F.3d 1330 (9th Cir. 1995) 3, 11, 18

Cases:	**Page**
Tucker Anthony Realty Corp. v. Schlesinger, 888 F.2d 969, 975 (2d Cir. 1989)	13
Universal City Studios, Inc. v. Sony Corp. of Am., 659 F.2d 963, 976 (9th Cir. 1981), *rev'd on other grounds*, 464 U.S. 417 (1984)	14n.4, 18
Walt Disney Prods. v. Basmajian, 600 F. Supp. 439, 441 (S.D.N.Y. 1984)	12
Warner Bros., Inc. v. U.S. Int'l Trade Comm'n, 787 F.2d 562, 564 (Fed. Cir. 1986)	11
West Virginia Univ. Hosp., Inc. v. Casey, 499 U.S. 83, 96 n.6 (1991)	7
Statutes and Other Authority:	
17 U.S.C. §106	10
17 U.S.C. §115	13
17 U.S.C. §502(a)	13, 15n.4
21 U.S.C. § 853(e)	8
35 U.S.C. §283	15n.4
1996 Federal Court Management Statistics, Administrative Office of the U.S. Courts	16
Justice Harlan, *Some Aspects of the Judicial Process in the Supreme Court of the United States*, 33 Austl.L.J. 108 (1959)	7n.3
3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright)*, §14.06[A]	13
4 Nimmer §13.03[F][5]	9
4 Nimmer §14.06[A]	11, 16
Robert L. Stern *et al.*, Supreme Court Practice § 4.4 at 169 n.14 (7th ed. 1993)	7n.3

STATEMENT OF THE CASE

The Petition for Writ of Certiorari states a "Question Presented" that may be of interest to some, but it is not the question presented by the decision of the United States Court of Appeals for the Ninth Circuit appealed from herein. The opinion below decidedly did not abrogate traditional principles of equity, or hold that an "adequate legal remedy" was insufficient to preclude equitable relief. What the Ninth Circuit *did* hold—consistent with established law from every circuit but one—was that a showing of a likelihood of success in a copyright case gives rise to a presumption of irreparable harm, and that money damages are not an adequate legal remedy for that harm. There is no cause for the Court to review this plainly correct application of settled law, which represents the consistent majority rule of the federal courts dating back to 1914. The holding is also consistent with the text and purposes of the Copyright Act: indeed, a contrary holding would establish a de facto involuntary licensing scheme for all copyrighted works, where the Copyright Act expressly establishes such compulsory licensing solely for phonorecords. Moreover, the decision below was based on a second, independent basis, also well grounded in existing law: that in balancing harms between the copyright holder and the infringer, any harm that befalls the infringer by dint of being forced to cease infringing cannot be weighed in the balance. Petitioners do not challenge that independent basis for the Ninth Circuit's ruling, and thus the petition should be denied on that ground as well.

Cadence Design Systems, Inc. ("Cadence") filed a motion for preliminary injunction in December 1995 against Avant! Corporation ("Avant!")[1] for theft of Cadence's copyrighted

---

[1] It is unclear from the Petition whether the three individual defendants below (Gerald Hsu, Mitsuru Igusa, and Chih Liang Cheng) purport to be petitioners here: although the caption and text of the Petition refer to all four defendants as "Petitioners," the signature block includes only Avant!'s counsel as "Counsel for Petitioner" (singular), and the order appealed from enjoined only Avant! directly (although two of the three

(Footnote continued)

computer source code. The District Court found that Cadence would likely prevail on its claims against Avant!, but refused to enjoin the sale of Avant!'s infringing product, because it found that the availability of money damages overcame the presumption of irreparable injury that arose once the court determined that Cadence was likely to succeed on the merits of its copyright claim. The Ninth Circuit Court of Appeals reversed.

Initially, the Court of Appeals found, consistent with the findings of the District Court, that "Avant! deliberately copied Cadence's [source] code. Avant! was not an innocent infringer[.]" Petitioners' Appendix ("A.") 18a. Based on that and other findings by the District Court, the Court of Appeals concluded (again consistent with the Opinion of the District Court) that Cadence was likely to succeed on the merits of its copyright claim. A. 15a - 16a, n. 9. The Court of Appeals noted that the District Court had correctly observed that when a copyright plaintiff, in moving for a preliminary injunction, shows that it is likely to succeed on the merits of its claim, a presumption of irreparable injury arises. A. 10a.

The Court of Appeals then focused on one narrow issue: Once the presumption of irreparable harm has arisen, may an infringing defendant rebut that presumption and avoid a preliminary injunction by arguing that monetary damages will be adequate to compensate the copyright holder? Applying the majority rule of the federal courts dating back to 1914, and noting, correctly, that its decision was consistent with the holdings of every federal court of appeals other than the Fifth Circuit (A. 12a, n. 4), the Court of Appeals held that the availability of monetary damages could not, as a matter of law, rebut the presumption of irreparable harm. A. 11a - 13a. Accordingly, the Court of Appeals ordered Avant!'s infringing product enjoined.

---

individuals are Avant! employees). For consistency with the Petition, we use the plural herein.

The Court of Appeals also determined that, even were it permissible for the District Court to have weighed the balance of hardships between the parties, the District Court erred by giving dispositive weight to the harm that Avant! would suffer if forced to cease selling an infringing product. A. 18(a)-20(a). Avant! has not challenged that ruling here. Petition ("P.") i.

REASONS FOR DENYING THE WRIT

I. THE PETITION MISSTATES THE HOLDING AND RECORD BELOW

Avant!'s Petition misstates the holding and record below in several crucial respects. *First*, the Ninth Circuit did not, as the "Question Presented" asserts, hold that an injunction may issue in a copyright case notwithstanding the existence of an "adequate legal remedy." P. 7, 12. Rather, the Ninth Circuit held that, *in copyright law*, the availability of *monetary damages* cannot rebut the presumption of irreparable harm. This does not represent—as Avant! asserts—a novel and sweeping abrogation of traditional principles of equity, but rather a recognition, based on established precedent, that in copyright law monetary damages are not an adequate legal remedy for deliberate copying. As the Ninth Circuit held below, discussing *Triad Systems Corp. v. Southeastern Express Co.*, 64 F.3d 1330 (9th Cir. 1995):

> *We rejected the defendant's argument that monetary damages were adequate as a matter of law*—we did not review the district court's factual findings for clear error. The implication of this resolution is that the alleged availability of money damages is not a reason to deny injunctive relief. *See also Johnson Controls,* 886 F.2d at 1174 (holding that as a result of the presumption of irreparable harm; the plaintiff "need only show a reasonable likelihood of success on its copyright infringement claim to support the district court's grant of the preliminary injunction"). A. 13a (emphasis added).

Second, and relatedly, the Ninth Circuit did not abrogate "traditional doctrines of equity" in this case. P. 10. To the contrary, the Ninth Circuit expressly recognized that—in copyright as elsewhere—numerous traditional equitable concerns could rebut the presumption of irreparable harm.

Third, Avant! purports to identify a split of authority between the Circuits—a split, Avant! asserts, which mandates review by this Court. But the split Avant! identifies (to the extent it can be described as a significant split at all, given that the decision appealed here is on the majority side of a 8-1 split, with only the Fifth Circuit disagreeing) is not a split on the issue presented. The question on which Avant! urges review here is whether monetary damages can rebut the presumption of irreparable harm, while the split Avant! identifies is on the question of whether that presumption exists at all. A fortiori, since the Fifth Circuit does not recognize the *existence* of the presumption, its precedents do not and cannot have any relevance to the question whether monetary damages can rebut that presumption.

Fourth, Avant! misstates the factual record below in many respects. Avant! attempts to portray the District Court's findings of copying as merely "some" "low-level" code, and asserts that the District Court "held that Cadence had not shown it was likely to succeed on its claims against the high-level application code in ArcCell." P. 3. In fact, as the Ninth Circuit affirmed, "Avant! deliberately copied Cadence's code." A. 18a. In addition to enjoining Avant!'s use of tens of thousands of lines of Cadence's "Framework" code (core database functions Avant! now seeks to dismiss as "low level"), the District Court also enjoined Avant!'s DSO place-and-route module, which was copied from Cadence's

VSIZE.[2] A. 40a. Additionally, the District Court found that the evidence relating to the remaining portions of Avant!'s place-and-route code "has raised serious issues that will deserve attention at a full trial on the merits," but that an injunction was not merited "given the balance of hardships in Avant!'s favor"—precisely the basis rejected by the Ninth Circuit on appeal. A. 41a (District Court); 18a-21a (Ninth Circuit).

II. THE NINTH CIRCUIT COURT OF APPEALS' HOLDING CORRECTLY APPLIED A PRESUMPTION OF IRREPARABLE HARM.

Although it finds no mention in Petitioners' "Question Presented," much of the Petition argues (1) that copyright law's presumption of irreparable harm is improper, and (2) that the Ninth Circuit improperly treated that presumption as irrebuttable. As to the first proposition, it flies in the face of long-established law from every circuit but one. As to the second, the opinion below did no such thing, instead delineating numerous means by which the presumption could be rebutted.

A. The Presumption of Irreparable Harm is Long-Standing Copyright Law.

The Ninth Circuit Court of Appeals' application of the presumption of irreparable harm does not warrant review because it broke no new ground: the federal courts have recognized for over seventy years that a presumption of irreparable harm arises once a copyright plaintiff has shown a likelihood of success on the merits. The Court of Appeals' decision did nothing more than affirm that long standing rule.

---

[2] Portions of the District Court's opinion on this point are redacted from the publicly filed version of the District Court order submitted by Avant! in the Petition. Avant! chose not to test the clear evidence of copying in the case of the DSO module, instead removing the module from its product before an injunction issued. The District Court nonetheless enjoined further use of DSO. A. 41a-42a.

That rule is the law in all circuits to have considered the question save one. As Avant! admits, the First, Second, Third, Fourth, Sixth, Seventh, Ninth, and Tenth Circuits all recognize the special rule in copyright cases that a presumption of irreparable harm is raised once a copyright plaintiff has shown a likelihood of success on the merits. P. 11, *citing Country Kids 'N City Slicks, Inc. v. Sheen*, 77 F.3d 1280, 1288-89 (10th Cir. 1996); *Service & Training, Inc. v. Data Gen. Corp.*, 963 F.2d 680, 690 (4th Cir. 1992); *Concrete Mach. Co. v. Classic Lawn Ornaments, Inc.*, 843 F.2d 600, 611 (1st Cir. 1988); *Forry, Inc. v. Neundorfer, Inc.*, 837 F.2d 259, 267 (6th Cir. 1988); *Hasbro Bradley, Inc. v. Sparkle Toys, Inc.*, 780 F.2d 189, 192 (2d Cir. 1985); *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1254 (3d Cir. 1983), *cert. dismissed*, 464 U.S. 1033 (1984); *Atari, Inc. v. North Am. Philips Consumer Electronics Corp.*, 672 F.2d 607, 620 (7th Cir.), *cert. denied*, 459 U.S. 880 (1982). Only the Fifth Circuit Court of Appeals has held to the contrary. *See Plains Cotton Coop Association v. Good Pasture Computer Services, Inc.*, 807 F.2d 1256, 1259 (5th Cir.), *cert. denied*, 484 U.S. 821 (1987).

That the Court of Appeals' decision in this case broke no new ground is apparent from the fact that the Court's ruling was entirely consistent with that in eight other federal circuits. The doctrine appears to have first been cited by the Second Circuit in 1914. *See Chappell & Co v. Fields*, 210 F. 864 (2nd Cir. 1914). Since then, the presumption has been applied in copyright cases concerning literary works (*Dr. Seuss Enter., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir.), *cert. dismissed* 118 S. Ct. 27 (1997)), musical works (*ABKCO Music, Inc. v. Stellar Records, Inc.*, 96 F.3d 60 (2nd Cir. 1996)), video games (*Atari*, 672 F.2d 607), computer programs (*Apple Computer*, 714 F.2d 1240), and small concrete statuettes designed to sit on a front lawn (*Concrete Mach.*, 843 F.2d 600).

The Court of Appeals' decision in this case, therefore, was fully consistent with the eight other circuits that apply that

presumption. No grave circuit split supports the Petition for Certiorari here.[3]

In addition, contrary to Petitioners' suggestion, the presumption does not offend traditional notions of equitable discretion. Petitioners ignore the fact that "equitable discretion" is not synonymous with "standardless decisionmaking." Indeed, this Court has many times imposed restrictions on the lower courts' equitable discretion. *See Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 (1994) (although there is no precise rule or formula for attorneys' fees awarded pursuant to the Copyright Act, courts should exercise their equitable discretion in light of the considerations set forth); *Caplin & Drysdale, Chartered v. United States*, 491 U.S. 617, 623 (1989) (holding that, whatever discretion is provided to district court judges pursuant to 21 U.S.C. § 853(e), "it does not extend as far as petitioner urges"); *West Virginia Univ. Hosp., Inc. v. Casey*, 499 U.S. 83, 96 n.6 (1991) (attorneys fees awarded pursuant to equitable discretion subject to harder discretionary standards) (superceded by statute); *Murray v.*

---

[3] As noted, only the Fifth Circuit diverges from the otherwise uniform application of the presumption of irreparable harm in copyright cases. This Court's resources are best conserved for cases presenting a more severe controversy between the circuits, or for cases presenting more substantial questions. "[E]ven where a 'true' conflict may be said to exist, certiorari will sometimes be denied where . . . the impact of the conflict is narrowly confined and is not apt to have continuing future consequences[.]" Justice Harlan, *Some Aspects of the Judicial Process in the Supreme Court of the United States*, 33 Austl.L.J. 108 (1959), *cited in* Robert L. Stern *et al.*, Supreme Court Practice § 4.4 at 169 n.14 (7th ed. 1993). Moreover, the Fourth, Ninth, and Tenth Circuits all have clarified and reaffirmed their adherence to the presumption subsequent to the Fifth Circuit's rejection of it. *See Country Kids*, 77 F.3d at 1288-89; *Triad*, 64 F.3d at 1334-35; *Data Gen. Corp.*, 963 F.2d at 690. It therefore is possible that the Fifth Circuit will reconsider its aberrant views in light of the growing consensus among the other federal courts; should that fail to occur, this Court most appropriately could resolve the issue by granting certiorari in a case from the Fifth Circuit, should one present itself.

Carrier, 477 U.S. 478, 496 (1986) (court should determine what standards govern exercise of habeas court's equitable discretion with respect to procedurally defaulted claims); *Duncan v. Poythress,* 657 F.2d 691, 696 (5th Cir. 1981) (when determining whether to abstain, court's "equitable discretion" must be "principled discretion."); *See also City of Port Arthur v. United States,* 459 U.S. 159, 174 (1982) (Powell, J. dissenting) (lamenting Court's decision to "for the first time [allow] a standardless equitable discretion" in the district courts to impose requirements in addition to proportional representation.)

Thus, the presumption of irreparable harm is nothing but one more embodiment of the rule that a court's equitable powers may be limited. The presumption, and the Court of Appeals' decision in this case, are wholly consistent with equitable decisionmaking.

B. The Ninth Circuit's Opinion Did Not Establish An Irrebuttable Presumption.

Although Petitioners attempt to obfuscate the issue, the Court of Appeals' opinion decidedly did not hold that the presumption of irreparable harm was irrebuttable. In fact, the Court expressly stated that there were "ways to rebut the presumption of irreparable harm other than by showing the adequacy of monetary relief," and then expressly set out a number of those ways. A. 12(a) n. 5, 16a-17a. These included:

- The presumption of irreparable harm may be "rebutted when the plaintiff's copyrighted item is no longer on the market" (citing *Marisa Christina, Inc. v. Bernard Chaus, Inc.,* 808 F. Supp. 356, 360 (S.D.N.Y. 1992) *and LucasArts Entertainment Co. v. Humongous Entertainment, Co.,* 815 F. Supp. 332, 337 (N.D. Cal. 1993));

- The presumption of irreparable harm may be rebutted by a showing that the copyright plaintiff delayed unduly in seeking injunctive relief after

learning of the infringement (citing *Richard Feiner & Co. v. Turner Entertainment Co.*, 98 F.3d 33, 35 (2d Cir. 1996));

- The presumption of irreparable harm may be rebutted where any harm to the plaintiff is de minimus (citing *Belushi v. Woodward*, 598 F. Supp. 36, 37 (D.D.C. 1984)); and

- The presumption of irreparable harm may be rebutted where the defendant acted with innocent intent because the work was published without a copyright notice (citing 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* (hereafter *Nimmer)*, §13.03[F][5], at 13-145).

A. 15(a)-17(a). The Court of Appeals also left open the option of damages in cases presenting unique and compelling factual circumstances that shift the equities strongly in the defendant's favor, such as the factual circumstances that arose in *Abend v. MCA, Inc.*, 863 F.2d 1465 (9th Cir. 1988), *aff'd sub nom, Stewart v. Abend*, 495 U.S. 207 (1990), where the defendant "had done nothing improper but had simply lost the right to the short story on a 'technicality' existing under the Copyright Act of 1909," and the public interest strongly favored the continued availability of the technically infringing work. *Id.* 17(a)-18(a).

The Court of Appeals agreed with the District Court that none of those factors or unique factual circumstances were present in this case. Therefore, Avant!'s efforts to rebut the presumption of irreparable harm rise or fall solely with the question whether the availability of money damages could rebut that presumption.

III. THE COURT OF APPEALS' HOLDING THAT MONETARY DAMAGES ARE NOT AN ADEQUATE REMEDY AT LAW FOR COPYRIGHT INFRINGEMENT IS SUPPORTED BY STATUTE AND PRECEDENT, AND DOES NOT CONFLICT WITH THE LAW OF OTHER CIRCUITS.

Petitioners also contend that the Ninth Circuit Court of Appeals' decision in this case broke new ground by holding that the availability of money damages does not rebut the presumption of irreparable harm. Petitioners' suggestion is illogical and incorrect. It is undisputed that the presumption of irreparable harm in copyright cases is well established: the Ninth Circuit Court of Appeals and the District Court merely applied that presumption. There would be little point in establishing this special presumption in copyright cases if it could be rebutted by the very factor that most commonly suffices to defeat the issuance of an injunction in non-copyright cases, i.e., the availability of money damages. Put another way, the Ninth Circuit Court of Appeals did no more than hold that the presumption of irreparable harm recognized by eight of nine federal circuit courts is not, in fact, a nullity.

The rule urged by Petitioners here simply ignores the special nature of copyright law. Copyright's essence is that it conveys to the author certain *exclusive* rights, chief among them the exclusive right to make and sell copies of his work. 17 U.S.C. §106. The copyright holder is thus granted a constitutional monopoly, and is entitled to exclude others from competing with him by using his own work. Monetary damages cannot restore that exclusive right, particularly in hindsight, and thus in copyright law monetary damages are not an adequate remedy. Instead—as the Ninth Circuit held below—"if the defendant is using copyrighted material owned by the plaintiff and a court awards damages instead of enjoining such use, the court has, in essence, made the plaintiff an involuntary licensor of its copyrighted material. The defendant can then use the material to compete with the plaintiff." A. 15a, n.8. A copyright holder wrongfully deprived of his exclusive copyright cannot be made whole by payment after the fact; doing so in effect compels him to grant to his

competitors a license to his own work (available to the world and payable only years later in the event of successful litigation), erasing the very right to exclusivity that the Copyright Act establishes. As Nimmer notes, "it would seem erroneous to deny a preliminary injunction simply because actual damages can be precisely calculated[.]" 4 *Nimmer* §14.06[A], at 14-105.

Courts have long recognized that the special nature of the rights granted under the Copyright Act make the rules for injunctive relief different. *See, e.g., Triad,* 64 F.3d at 1335. In *Triad,* the defendant appealed the district court's issuance of an injunction, arguing that the plaintiff would suffer "only monetary damages from lost revenues, which are not usually considered irreparable harm because of the availability of an adequate legal remedy." *Id.*, citing *Los Angeles Memorial Coliseum Comm'n v. National Football League,* 634 F.2d 1197, 1202 (9th Cir. 1980). The Court of Appeals pointed out that "[i]n a copyright infringement action . . . the rules are somewhat different. A showing of a reasonable likelihood of success on the merits raises a presumption of irreparable harm." *Id.*, citing *Johnson Controls, Inc. v. Phoenix Control Sys., Inc.,* 886 F.2d 1173, 1174 (9th Cir. 1989); *see also Warner Bros., Inc. v. U.S. Int'l Trade Comm'n,* 787 F.2d 562, 564 (Fed. Cir. 1986) (copyright cases have relaxed standard of proof for injunctive relief); *Rosenfeld v. W.B. Saunders,* 728 F. Supp. 236, 246-47 (S.D.N.Y. 1990) (standard in copyright cases for injunctive relief is less rigorous than traditional inquiry into irreparable harm and likelihood of success), *aff'd* 923 F.2d 845 (2d Cir. 1990); *American Direct Mktg., Inc. v. Azad Int'l, Inc.*, 783 F. Supp. 84 (E.D.N.Y. 1992) (in both Ninth and Second Circuits "a finding of likelihood of success on the merits automatically triggers a preliminary injunction, and failure to issue one is reversible error if the validity of the copyright and existence of copying are not at issue").

Petitioners here are understandably unwilling to challenge the accumulated authority of eighty years precedent from eight federal circuits. In an effort to avoid doing so, Petitioners mischaracterize the prevailing state of the law by

suggesting that all prior decisions have held that the presumption may be rebutted by a showing of the availability of money damages. Petitioners' suggestion is incorrect.

Other than in the Fifth Circuit (which does not recognize the existence of the presumption at all), no decision (whether cited by the Petitioners or disclosed by independent research) has allowed a copyright defendant in these circumstances to rebut the presumption of irreparable harm solely by showing that money damages were available. The district court cases cited by Petitioners make this clear. In two cases relied upon by Petitioners, the presumption was rebutted not because money damages were available, but because the products marketed by plaintiffs were no longer on the market and therefore did not compete with defendants' copyrighted products. *Marisa Christina,* 808 F. Supp. at 359-60; *see also LucasArts,* 815 F. Supp. at 337. In another, the presumption was rebutted because the harm was no more than de minimus. *Belushi*, 598 F. Supp. at 37 (denying injunction where only one photograph in the defendant's book infringed plaintiff's copyright). Two others are inapposite because the court did not find that the plaintiffs could establish a likelihood of success on their copyright claims. *Walt Disney Prods. v. Basmajian*, 600 F. Supp. 439, 441 (S.D.N.Y. 1984); *Kamakazi Music Corp. v. Robbins Music Corp.*, 534 F. Supp. 57, 68 (S.D.N.Y. 1981) (injunction denied because plaintiff could not establish that its copyrighted compositions were the "primary attraction" in defendant's mixed folios). In Petitioners' final case, "the issue of fact involving sufficiency of copyright alone satisfied the court that plaintiff is not entitled to a preliminary injunction." *American Fabrics Co. v. Lace Arts, Inc.*, 291 F. Supp. 589, 590 (S.D.N.Y. 1968). Not one of these cases supports Petitioners' contention; rather, each is among the Ninth's Circuit's enumerated examples of other equitable factors that *will* suffice to rebut the presumption of irreparable harm.

It is not surprising that no court ever has held that the availability of money damages suffices to rebut the special presumption of irreparable harm that arises in copyright cases.

In non-copyright cases, a plaintiff who establishes a likelihood of success on the merits must show that it is suffering irreparable harm in order to be entitled to an injunction. To show "irreparable harm" in that context, a plaintiff must show that its remedy at law is inadequate. *Grossbaum v. Indianapolis-Marion County Building Auth.*, 100 F.3d 1287, 1291 (7th Cir. 1996), *cert. denied*, 117 S. Ct. 1822 (1997). The quintessential "remedy at law" is an award of money damages. *Loveridge v. Pendleton Woolen Mills, Inc.*, 788 F.2d 914, 916 (2d Cir. 1986). Thus, in non-copyright cases, the rule is that a plaintiff must show, in addition to a likelihood of success on the merits, that money damages will not suffice to compensate the harm the plaintiff is suffering. *Hall v. NCAA*, 985 F. Supp. 782 (N.D. Ill. 1997); *Tucker Anthony Realty Corp. v. Schlesinger*, 888 F.2d 969, 975 (2d Cir. 1989).

The Copyright Act, however, expressly provides that courts may issue injunctions to restrain copyright violations. 17 U.S.C. § 502(a) (court may "grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright"). By authorizing injunctions in copyright cases, Congress made clear its intent that, in the absence of special circumstances that would render an injunction unjust or against the public interest, injunctions should generally be available to copyright holders. *See, generally*, 3 *Nimmer* §14.06[A], at 14-113 to 14-114 ("given their antecedents in equity, preliminary injunctions are sometimes reflexively labeled an 'extraordinary remedy'; in actual practice, nonetheless, their issuance is quite ordinary, even commonplace").

That copyright injunctions are the rule, not the exception, is confirmed by the Copyright Act's provisions setting up a compulsory licensing scheme for phonorecords. *See* 17 U.S.C. §115. In the context of phonorecords, no license is needed. Instead, one wishing to record a new version of a previously-released recording need only pay the prescribed license fee to the copyright holder. Thus, Congress created a scheme for phonorecords -- and only for phonorecords -- under which a copyright holder must become an involuntary

licensor to all comers. No such provision exists regarding computer source code (or for any other type of copyrighted work), which strongly confirms that an injunction barring further infringement is the remedy Congress intended for all works save phonorecords. Congress clearly knew how to include compulsory licensing in the Copyright Act. The fact that it did so for one category of works indicates Congressional intent not to do so for other categories. *Gozlon-Peretz v. United States,* 498 U.S. 395, 404 (1991) ("[W]here Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion"), quoting *Russello v. United States*, 464 U.S. 16, 23 (1983) (internal quotation marks omitted)).[4]

---

[4] In patent law, similarly, the fundamental right to exclude others from practicing one's invention gives rise to a presumption of irreparable harm:

> In matters involving patent rights, irreparable harm has been presumed when a clear showing has been made of patent validity and infringement . . . This presumption derives in part from the finite term of the patent grant, for patent expiration is not suspended during litigation, and the passage of time can work irremediable harm. The opportunity to practice an invention during the notoriously lengthy course of patent litigation may itself tempt infringers. . . . The nature of the patent grant thus weighs against holding that monetary damages will always suffice to make the patentee whole, *for the principal value of a patent is its statutory right to exclude.*

H.H. Robinson Co. v. United Steel Deck Inc., 820 F.2d 384 (Fed. Cir. 1987) (emphasis added); *see also Smith Int'l, Inc. v. Hughes Tool Corp.*, 718 F.2d 1573 (Fed. Cir. 1983) (irreparable injury should be presumed where validity and infringement established). Patent law is persuasive analogous authority in copyright cases. *See Sony*, 464 US at 439. Note, moreover, that the presumption is applied in patent cases *despite* the fact that the patent statutes include the express limitation that courts may "grant injunctions *in accordance with the principles of equity* to prevent violation of any right secured by patent . . . ," 35 U.S.C. §283

(Footnote continued)

That Congress did not intend compulsory licensing of works other than phonorecords is also strongly supported by the legislative purposes underlying the Act. The Copyright Act was passed to discourage infringement, and to "motivate the creative activity of authors and inventors by the provision of a special reward" to serve the public good. *Fogerty,* 510 U.S. at 526. It is this exclusivity that creates the environment in which the "creative activity" flourishes. Failure to grant an injunction, simply because the infringer can compensate the copyright holder, would render the exclusivity useless and negate the entire purpose of encouraging creativity. *See Apple Computer,* 714 F.2d at 1254 (presumption is required where there is evidence of the "expenditure of significant time, effort and money directed to the production of the copyrighted material. Otherwise, the rationale for protecting copyright, that of encouraging creativity, would be undermined."); *National Football League v. McBee & Bruno's, Inc.,* 792 F.2d 726, 729, 732 (8th Cir. 1986) ("[c]opyright law has long held that irreparable injury is presumed when the exclusive rights of the holder are infringed"; the danger of continued infringement justifies an injunction once liability is established); *Consumers Union of United States, Inc. v. General Signal Corp.,* 724 F.2d 1044, 1051 (2d Cir. 1983) ("The theory behind the copyright laws is that creation will be discouraged if demand can be undercut by copiers."), *cert. denied,* 469 U.S. 823 (1984); *Klitzner Industries, Inc. v. H.K. James & Co.,* 535 F. Supp. 1249, 1259-60 (E.D.Pa. 1982) (grant of exclusive rights means it is "virtually axiomatic" that the public interest can only be served by enforcing copyright).

The presumption of irreparable harm is particularly important in the context of a preliminary injunction because the value secured by a copyright is, in the real world, evanescent. A best-selling book, a top-grossing movie, or a hit record will be on the *Times* best seller list, on top of the Variety grosses,

---

(emphasis added). The Copyright Act, by contrast, contains no such express reference to "the principles of equity." 17 U.S.C. §502(a).

or at the top of the charts for only a brief period; a software program will become obsolete almost as quickly. In such cases "the delay involved in waiting for a final decree may amount to a denial of any effective relief." 4 *Nimmer* §14.06[A], at 14-111; *see also Control Data Systems, Inc. v. Infoware, Inc.*, 903 F. Supp. 1316, 1325 (D. Minn. 1995) (noting that nearly all computer products have a limited life span, and that "[c]opyright law seeks to protect the original expressions contained in computer software while they are not yet obsolete and bars infringers from unfairly hastening the end of their useful life.").

But while art (and software) are short, litigation is long. A case in the Northern District of California takes *on average* roughly two years from the time it is filed to the time it is tried to judgment. *1996 Federal Court Management Statistics, Administrative Office of the U.S. Courts*. In this case, Cadence indicated its intent to seek a preliminary injunction when it first filed suit on December 5, 1995. Not until fifteen months later did Cadence obtain the District Court's ruling on Cadence's preliminary injunction motion. It took five more months to obtain the opinion of the Court of Appeals reversing that decision; it took an additional two months for the mandate of the Court of Appeals to issue. *See* A. 43a, 2a, 45a. The District Court did not actually issue the injunction order mandated by the Court of Appeals' opinion until December 19, 1997 – two years and two weeks after Cadence filed its complaint. Moreover, as amply demonstrated by the case at hand, litigation to trial takes far longer than it takes for a deliberate infringer to "design around" the infringing code. By the time the District Court finally entered the preliminary injunction challenged here, Avant! had long since rewritten (albeit inadequately, *see* A. 21a, 39a) much of the infringing code in its "clean room." Were the erroneous standard applied below by the District Court to become the law of copyright, injunctive relief would, in most computer software cases, be rendered wholly illusory.

If the evanescent value of a copyright is to be protected meaningfully, district courts must grant preliminary

injunctions in cases in which the plaintiff establishes a likelihood of success. To hold otherwise, and to allow the eventual availability of money damages to defeat a preliminary injunction, would effectively force plaintiffs to wait for several years, until after a full trial on the merits, before being able to obtain an injunction. Such a regime would make a mockery of Congress' intent to provide preliminary injunctive relief to protect the copyright holder's exclusive rights, instead imposing compulsory licenses in favor of any well-heeled infringer in all cases prior to a full trial on the merits -- during the time period when a copyright holds by far its greatest value.

IV. THE PETITION SHOULD BE DENIED BECAUSE THE NINTH CIRCUIT'S OPINION IS SUPPORTED BY AN ALTERNATIVE HOLDING NOT CHALLENGED BY PETITIONERS

The Petition should be denied for yet another reason: in addition to holding -- correctly --that monetary damages cannot rebut the presumption of irreparable harm, the Ninth Circuit Court of Appeals reversed the District Court on an independent ground not challenged herein. Because this Court's review would have no affect on that independent ruling, the petition should be denied.

The District Court in this case, having erroneously found that the availability of monetary damages rebutted the presumption, proceeded to the next step: balancing the harm the plaintiff would suffer absent an injunction against the harm the infringer would suffer if the injunction issued. In determining that the harm faced by Avant! was the greater of the two, however, the District Court impermissibly weighed the impact Avant! would suffer as a result of being enjoined from continuing to infringe Cadence's copyrights. This, the Court of Appeals correctly held, was clear error: it is firmly established copyright law that the harm befalling an infringer as a result of being forced to stop infringing *cannot* be weighed in the balance.

The Court of Appeals, in so holding, surveyed the long line of authority holding that "[w]here the only hardship that the defendant will suffer is lost profits from an activity that is likely to be infringing, such an argument in defense 'merits little equitable consideration [on an appeal from a preliminary injunction]'" *Triad*, 64 F.3d at 1338 (alteration in original); *see also Concrete Mach.*, 843 F.2d at 612 (1st Cir. 1988); *Universal City Studios, Inc. v. Sony Corp. of Am.*, 659 F.2d 963, 976 (9th Cir. 1981), *rev'd on other grounds*, 464 U.S. 417 (1984); *Apple Computer*, 714 F.2d at 1255; *Atari*, 672 F.2d at 620; *Helene Curtis Indus. v. Church & Dwight Co.*, 560 F.2d 1325, 1333 (7th Cir. 1977).[5]

Petitioners do not challenge this holding here. It is axiomatic that, where an opinion is based on alternative legal grounds, that opinion must be upheld unless each alternative ground is in error. *See Mead Corp. v. B.E. Tilley*, 490 U.S. 714, 725-26 (1989) (appellate court must address each alternative ground); *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 205 (1985) (same). Regardless of the merits of the Court of Appeal's decision regarding rebuttal of the presumption of irreparable harm—which, as set forth above, was clearly correct—the Ninth Circuit's decision must in any event be upheld on the independent basis that the district court impermissibly weighed the harm Avant! would suffer if forced to cease infringing. That independent ground for affirmance is both correct and unchallenged.

---

[5] In so holding, the Ninth Circuit considered—and rejected—Avant!'s argument that the rule should be different where the infringing code is claimed to be a small portion of the entire product, noting that the factual argument found no support in the District Court's findings. A. at 20a. The Ninth Circuit similarly rejected Avant!'s argument that the purported injury to the public should weigh in its favor, noting that the district court had made precisely the opposite factual finding: "Moreover, the district court found that an injunction would not result in harm to the public." A. at 18a.

CONCLUSION

The petition for writ of certiorari should be denied.

Respectfully submitted,

JOHN W. KEKER*
Counsel of Record
JEFFREY R. CHANIN
MICHAEL H. PAGE
RAGESH K. TANGRI
KEKER & VAN NEST LLP
710 Sansome St.
San Francisco, California 94111
(415) 391-5400

Counsel for Respondent

April 17, 1998